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VILLAGE OF REEVES, LOUISIANA  
ANNUAL FINANCIAL REPORT AND  
ACCOUNTANTS' COMPILATION REPORT

Year Ended June 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11-10-04

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## VILLAGE OF REEVES, LOUISIANA

### Management's Discussion and Analysis

Within this section of the Village of Reeves, Louisiana's (Village) annual financial report, the Village's management is pleased to provide this narrative discussion and analysis of the financial activities of the Village for the fiscal year ended June 30, 2004. The Village's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

#### FINANCIAL HIGHLIGHTS

- The Village's assets exceeded its liabilities by \$957,991 (net assets) for the fiscal year reported.
- Total revenues of \$87,911 were less than total expenditures of \$128,172, which resulted in a current year loss of \$40,261.
- Total net assets are comprised of the following:
  - (1) Capital assets of \$709,673 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - (2) *Unrestricted net assets of \$248,318 represent the portion available to maintain the Village's continuing obligations to citizens and creditors.*
- The Village's governmental funds reported total ending fund balance of \$244,262 this year. This compares to the prior year ending fund balance of \$255,426, reflecting a decrease of \$11,164 during the current year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$244,262, or 368% of total General Fund expenditures and 442% of total General Fund revenues.
- Overall, the Village continued a slight decrease in financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

#### OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the Village's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Village also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available. All applicable tables will present comparative data in fiscal year 2005.

## VILLAGE OF REEVES, LOUISIANA

### Management's Discussion and Analysis (Continued)

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Village's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Village's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the Village's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village as a whole is improving or deteriorating. Evaluation of the overall health of the Village would extend to other nonfinancial factors such as diversification of the taxpayer base, or the condition of Village infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Village's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the Village's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Village and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include principally general government and public safety. Business-type activities include the sewer system.

The government-wide financial statements are presented on pages 15 and 16 of this report.

#### FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Village's most significant funds rather than the Village as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The Village has two kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Village's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

## VILLAGE OF REEVES, LOUISIANA

### Management's Discussion and Analysis (Continued)

The basic governmental fund financial statements are presented on pages 19 through 22 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the Village charges customers a fee. The one Village proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Village organization for sewer utilities.

The basic enterprise fund financial statements are presented on pages 23 through 25 of this report.

### NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 26 of this report.

### OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Village's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. These statements and schedules demonstrate compliance with the Village's adopted and final revised budget. Required supplemental information can be found on page 36 of this report.

### FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The Village implemented the new financial reporting model used in this report beginning with the current fiscal year ended June 30, 2004. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Village as a whole.

VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis (Continued)

The Village's net assets at fiscal year-end are \$957,991. The following table provides a summary of the Village's net assets:

Summary of Net Assets				
	Governmental Activities	Business-type Activities	Total	Percentage Total
Assets:				
Current assets and other assets	\$ 251,450	\$ 4,128	\$ 255,578	26%
Capital assets	<u>93,878</u>	<u>615,796</u>	<u>709,674</u>	<u>64</u>
Total assets	<u>345,328</u>	<u>619,924</u>	<u>965,252</u>	<u>100%</u>
Liabilities:				
Current liabilities	7,188	33	7,261	100%
Net assets:				
Investment in capital assets, net of debt	93,878	615,795	709,673	74%
Unrestricted	<u>244,262</u>	<u>4,056</u>	<u>248,318</u>	<u>26</u>
Total net assets	<u>\$ 338,140</u>	<u>\$ 619,851</u>	<u>\$ 957,991</u>	<u>100%</u>

The Village continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 35.0 to 1 and 125.1 to 1 for business type activities. For the Village overall, the current ratio is 35.2 to 1. These ratios are strong.

The Village reported positive balances in net assets for both governmental and business-type activities. Net assets decreased \$8,085 for governmental activities and \$16,088 for business-type activities. The Village's overall financial position did not improve during the fiscal year 2004.

Note that approximately 28% of the governmental activities' net assets are tied up in capital. The Village uses these capital assets to provide services to its citizens. However, with business type activities, the Village has spent approximately 99% of its net assets on capital. Capital assets in the business-type activities also provide utility services, but they also generate revenues for this fund. 74% of the Village's total net assets are included in capital assets.

VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis (Continued)

Since this is the first year in which government-wide information is available, comparative data is not presented. However, comparative data will be accumulated and presented to assist analysis in future years. The following table provides a summary of the Village's changes in net assets:

	Governmental Activities	Business-Type Activities	Total	Percentage Total
Revenues:				
Program:				
Charges for services/fines	\$ 24,747	\$ 16,330	\$ 41,077	57%
Capital grants	13,750	-	13,750	19
General:				
Taxes	13,827	-	13,827	19
Interest	2,877	-	2,877	4
Other	<u>50</u>	<u>-</u>	<u>50</u>	<u>1</u>
Total Revenues	<u>55,251</u>	<u>16,330</u>	<u>71,581</u>	<u>100%</u>
Program expenses:				
General government	55,258	-	55,258	58%
Public safety:				
Police	8,078	-	8,078	8
Sewer	<u>-</u>	<u>32,418</u>	<u>32,418</u>	<u>34</u>
Total Expenses	<u>63,336</u>	<u>32,418</u>	<u>95,754</u>	<u>100%</u>
Change in net assets	(8,085)	(16,088)	(24,173)	
Beginning net assets	<u>346,225</u>	<u>635,939</u>	<u>982,164</u>	
Ending net assets	<u>\$ 338,140</u>	<u>\$ 619,851</u>	<u>\$ 957,991</u>	

VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis (Continued)

GOVERNMENTAL REVENUES

The Village is heavily reliant on occupational taxes to support governmental operations. Occupational taxes equal 21% of the revenues for governmental activities. Also note that program revenues cover only 45% of governmental operating expenses. This means that the government's taxpayers and the Village's other general revenues fund 55% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the Village's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

General government comprise 58% of the Village's total expenses and 87% of the total governmental expenses.

This table presents the cost of each of the Village's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the Village's taxpayers by each of these functions.

Governmental Activities

	<u>Total Cost of Services</u>	<u>Net Cost (Profit) of Services</u>
General government	\$ 55,258	\$ 40,054
Public safety:		
Police	<u>8,078</u>	<u>(1,465)</u>
Total	<u>\$ 63,336</u>	<u>\$ 38,589</u>

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

The operating revenues for the utility fund were .7% less than 2003 and operating expenses 12% less than 2003. Within the total business type activities of the Village, these activities reported a \$16,088 operating loss compared to an operating loss of \$20,171 for the prior year.



## VILLAGE OF REEVES, LOUISIANA

### Management's Discussion and Analysis (Continued)

#### FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

##### Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$244,262, all of which is unreserved indicating availability for continuing Village service requirements.

The total ending fund balances of governmental funds show a decrease of \$11,164.

##### MAJOR GOVERNMENTAL FUNDS

The General Fund is the Village's primary operating fund and the only source of day-to-day service delivery. The General Fund is the only governmental fund and is, therefore, the only major fund.

##### THE PROPRIETARY FUND

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term information about financial status.

##### BUDGETARY HIGHLIGHTS

The revenue and the expenditure side of the original budget for the General Fund was revised by \$18,239 or 64% and \$11,019 or 22%, respectively, this year. The primary change in the general fund's revenue budget relates to occupational licenses and grants. The expenditure budget was increased primarily for capital outlay.

The actual revenues exceeded the final budget by \$8,635 or 19% and the actual expenditures exceeded the final budget by \$5,039 or 8%.

VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Village's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2004, was \$93,878 and \$615,796 respectively. The overall decrease was 2% for the Village as a whole. See Note E for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Non-depreciable asset:						
Land	\$ 14,350	\$ 14,350	\$ -	\$ -	\$ 14,350	\$ 14,350
Depreciable assets:						
Buildings	52,694	45,908	731,271	731,271	783,965	777,179
Furniture & equipment	59,354	54,142	-	-	59,354	54,142
Transportation equipment	-	-	28,150	28,150	28,150	28,150
Infrastructure	25,000	25,000	-	-	25,000	25,000
Total depreciable assets	137,048	125,050	759,421	759,421	896,469	884,471
Less accumulated depreciation	57,520	48,601	143,625	126,115	201,145	174,716
Book value-depreciable assets	\$ 79,528	\$ 76,449	\$ 615,796	\$ 633,306	\$ 695,324	\$ 709,755
Percentage depreciated	42%	39%	19%	17%	22%	20%
Book value-all assets	\$ 93,878	\$ 90,799	\$ 615,796	\$ 633,306	\$ 709,674	\$ 724,105

At June 30, 2004, the depreciable capital assets for governmental activities were 42% depreciated. This compares approximately to the June 30, 2003 percentage. This comparison indicates that the Village is replacing its assets at approximately the same rates as they are depreciating which is a positive indicator.

The major additions for the year were a park restroom and police radios.

With the Village's business type activities, 19% of the asset values were depreciated at June 30, 2004 compared to 17% at June 30, 2003.

Long-term debt

At the end of the fiscal year, the Village had no outstanding debt.

VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis (Continued)

ECONOMIC CONDITIONS AFFECTING THE VILLAGE

Since the primary revenue stream for the Village is occupational taxes, the Village's occupational tax revenues are subject to changes in the economy. Since sales are considered an "elastic" revenue stream, tax collections are higher in a flourishing economy and are lower in a depressed economy.

*Contacting the Village's Financial Management*

This financial report is designed to provide a general overview of the Village's finances, comply with finance-related laws and regulations, and demonstrate the Village's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Village's Clerk, Kam Henagan, P.O. Box 119, Reeves, LA. 70658.



**GRAGSON, CASIDAY & GUILLORY, L.L.P.**  
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September 21, 2004

The Honorable Shelley Tyler, Mayor  
and the Board of Councilmen  
Village of Reeves, Louisiana

We have compiled the accompanying basic financial statements of the governmental activities, the business type activities and each major fund of the Village of Reeves, Louisiana as of June 30, 2004 and for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

As described in Note B to the basic financial statements, the Village of Reeves, Louisiana adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No. 38 Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. This results in a change in the format and content of the basic financial statements.

*Gragson Casiday & Guillory*

**BASIC FINANCIAL STATEMENTS**

**GRAGSON, CASIDAY & GUILLORY, L.L.P.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

VILLAGE OF REEVES, LOUISIANA

Statement of Net Assets

June 30, 2004

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash	\$ 12,388	\$ 2,760	\$ 15,148
Investments	231,607	-	231,607
Receivables	7,455	1,368	8,823
Capital assets:			
Land	14,350	-	14,350
Capital assets, net	<u>79,528</u>	<u>615,796</u>	<u>695,324</u>
Total assets	<u>345,328</u>	<u>619,924</u>	<u>965,252</u>
<b>LIABILITIES</b>			
Accounts and other accrued payables	7,188	25	7,213
Customer meter deposits	<u>-</u>	<u>48</u>	<u>48</u>
Total liabilities	<u>7,188</u>	<u>73</u>	<u>7,261</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	93,878	615,795	709,673
Unrestricted	<u>244,262</u>	<u>4,056</u>	<u>248,318</u>
Total net assets	<u>\$ 338,140</u>	<u>\$ 619,851</u>	<u>\$ 957,991</u>

See accompanying notes and accountants' report.

VILLAGE OF REEVES, LOUISIANA  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2004

	<u>Program Revenues</u>		<u>Net (Expense) Revenues and</u>			
	<u>Expenses</u>	<u>Fees, Fines and</u> <u>Charges for Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Activities						
Governmental activities:						
General and administrative	\$ 55,258	\$ 15,204	\$ -	\$ (40,054)	\$ -	
Police	8,078	9,543	-	1,465	-	
Total Governmental	63,336	24,747	-	(38,589)	-	\$ (38,589)
Activities						
Business-type activities:						
Sewer	32,418	16,330	-	(16,088)	(16,088)	(16,088)
Total	\$ 95,754	\$ 41,077	\$ -	(38,589)	(16,088)	(54,677)
General revenues:						
Taxes -						
Property taxes, levied for general purposes				4,220	-	4,220
Franchise taxes				9,607	-	9,607
Grants and contributions not restricted to specific programs-				13,750	-	13,750
Federal and State sources				2,877	-	2,877
Interest and investment earnings				50	-	50
Miscellaneous				30,504	-	30,504
Total general revenues				(8,085)	(16,088)	(24,173)
Change in net assets				346,225	635,939	982,164
Net assets - Beginning				\$ 338,140	\$ 619,851	\$ 957,991
Net assets - Ending						

See accompanying notes and accountants' report.



FUND FINANCIAL STATEMENTS

## FUND DESCRIPTIONS

### General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

VILLAGE OF REEVES, LOUISIANA  
 Balance Sheet – Governmental Fund  
 June 30, 2004

<b>ASSETS</b>	
Cash	\$ 12,388
Investments	231,607
Receivable	
Franchise taxes	1,011
Interest	1,997
Intergovernmental	<u>4,447</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 251,450</u></b>
 <b>LIABILITIES AND FUND EQUITY</b>	
<i>Liabilities</i>	
Accounts payable	\$ 6,561
Payroll taxes payable	<u>627</u>
Total liabilities	<u>7,188</u>
 <i>Fund Balance</i>	
Board designated - sewer system improvements	50,000
Unreserved and undesignated	<u>194,262</u>
Total fund balance	<u>244,262</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 251,450</u></b>

See accompanying notes and accountants' report.

VILLAGE OF REEVES, LOUISIANA

Reconciliation of the Balance Sheet – Governmental Funds to the  
Statement of Net Assets

June 30, 2004

Total fund balance for governmental fund at June 30, 2004		\$ 244,262
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 14,350	
Capital assets, net of \$57,520 accumulated depreciation	<u>79,528</u>	<u>93,878</u>
Total net assets of governmental activities at June 30, 2004		<u>\$ 338,140</u>

See accompanying notes and accountants' report.

VILLAGE OF REEVES, LOUISIANA

Statement of Revenues, Expenditures and Changes  
In Fund Balance - Governmental Fund

Year Ended June 30, 2004

REVENUES

Property taxes	\$ 4,220
Franchise taxes	9,607
Occupational licenses	15,204
Interest	2,877
Intergovernmental	13,750
Fines	9,543
Miscellaneous	<u>50</u>
Total Revenues	55,251

EXPENDITURES

General government	
Advertisements	605
Contract labor	3,400
Dues	207
Insurance	6,914
Miscellaneous	466
Office supplies	532
Per diem	9,700
Professional fees	3,940
Repairs and maintenance	2,210
Salaries	10,800
Taxes	1,202
Telephone	1,222
Utilities - city hall	820
Utilities - street lights	4,727
Police	
Contract labor	2,450
Salaries	4,851
Taxes	371
Capital outlay	<u>11,998</u>
Total expenditures	<u>66,415</u>

EXCESS (DEFICIENCY) OF REVENUES  
OVER EXPENDITURES (11,164)

FUND BALANCE, BEGINNING 255,426

FUND BALANCE, ENDING \$ 244,262

See accompanying notes and accountants' report.

VILLAGE OF REEVES, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balance-Governmental Fund to the Statement of Activities

Year Ended June 30, 2004

Total net changes in fund balance at June 30, 2004 per  
Statement of Revenues, Expenditures and Changes in Fund Balance \$ (11,164)

The change in net assets reported for governmental activities in the  
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 11,998	
Depreciation expense for the year ended June 30, 2004	<u>(8,919)</u>	<u>3,079</u>

Total changes in net assets at June 30, 2004 per Statement of Activities \$ (8,085)

See accompanying notes and accountants' report.

VILLAGE OF REEVES, LOUISIANA  
Statement of Net Assets – Proprietary Funds  
June 30, 2004

<b>ASSETS</b>	
Current assets	
Cash	\$ 2,760
Receivables	<u>1,368</u>
Total current assets	4,128
Fixed assets, net of accumulated depreciation	<u>615,796</u>
Total assets	<u>\$ 619,924</u>
 <b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$ 25
Customer meter deposits	<u>48</u>
Total current liabilities	<u>73</u>
 <b>NET ASSETS</b>	
Invested capital assets	615,795
Unrestricted	<u>4,056</u>
Total net assets	<u>619,851</u>
Total Liabilities and Net Assets	<u>\$ 619,924</u>

See accompanying notes and accountants' report.

VILLAGE OF REEVES, LOUISIANA

Statement of Revenues, Expenses and Changes in  
Net Assets - Proprietary Fund

Year Ended June 30, 2004

OPERATING REVENUES	
Sewer service charges	<u>\$ 16,330</u>
OPERATING EXPENSES	
Contract labor	7,200
Depreciation	17,510
Dues	200
Repairs and maintenance	2,418
Samples	900
Utilities	<u>4,190</u>
	<u>32,418</u>
CHANGE IN NET ASSETS	(16,088)
NET ASSETS, BEGINNING	<u>635,939</u>
NET ASSETS, ENDING	<u>\$ 619,851</u>

See accompanying notes and accountants' report.



VILLAGE OF REEVES, LOUISIANA  
Statement of Cash Flows - Proprietary Fund  
Year Ended June 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 16,355
Payments to suppliers	<u>(17,216)</u>
Net cash from operating activities	<u>(861)</u>
Net increase (decrease) in cash	(861)
Cash, beginning	<u>3,621</u>
Cash, ending	<u>\$ 2,760</u>
Reconciliation of change in net assets to net cash from operating activities:	
Change in net assets	\$ (16,088)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	17,510
(Increase) decrease in receivables	25
Increase (decrease) in accounts payable	<u>(2,308)</u>
Net cash from operating activities	<u>\$ (861)</u>

The accompanying notes are an integral part of the basic financial statement.

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant of the government's accounting policies are described below.

1. Reporting Entity

As the governing authority of the Village, for reporting purposes, the Village of Reeves, Louisiana is the financial reporting entity. The financial reporting entity consists of (a) the primary government (Village), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Village of Reeves, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Village to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village.
2. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the application of these criteria, there are no component units included in the Village's reporting entity.

Continued

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation

The accompanying basic financial statements of the Village of Reeves, Louisiana have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments", issued in June 1999. As a result, an entirely new financial presentation format has been implemented.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Village as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Village's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Village, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The Village uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Village functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed on a separate column. The emphasis on fund financial statements is on major funds, each displayed on a separate column. A fund is considered major if it is the primary operating fund of the Village or its total assets, liabilities, revenues, or expenditures of the individual governmental and enterprise fund is at least 10 percent of the corresponding total for all governmental and enterprise funds of that category or type; and total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Village reports the following major funds:

The General Fund is the primary operating fund of the Village. It accounts for all financial resources except those that are required to be accounted for in other funds.

CRAGSON, CASIDAY & GUILLORY, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

Continued

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises-where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village's enterprise fund accounts for sewer services.

3. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Continued

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. The Village applies all applicable FASB pronouncements in accounting and reporting for its proprietary fund.

4. Budgets

A budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Council for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated. The budget was amended once during the year.

5. Cash and Investments

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Investments include time deposits with original maturities of more than 90 days. Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2004, the Village has \$248,558 in deposits (collected bank balances). \$100,000 is secured from risk by federal deposit insurance and \$148,558 is secured by pledged securities.

Continued

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Accounts Receivable

Uncollectible amounts due for sewer charges and other receivables are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectable. This method does not result in a charge to bad debts that is materially different from the amount that would be charged if the reserve method were used.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for sewer user fees in the Enterprise Fund. The Village's ability to collect the amounts due from the users of the Village's sewer system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster or other calamity in this one concentrated geographic location.

7. Statement of Cash Flows

For the purpose of the Statement of Cash Flows, for the enterprise fund, the Village considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

8. Capital Assets

Capital assets, which include property, plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	15-40 years
Furniture and Equipment	5-10 years
Infrastructure	40 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Continued

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Equity Classification

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

10. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

11. Revenues, Expenditures, and Expenses

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Village’s taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village’s general revenues.

Revenues

Ad valorem taxes are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January and February of the fiscal year. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Expenditures

The Village primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

NOTE B - CHANGES IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2004, the Village has implemented GASB Standard No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the Village’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The Village also implemented GASB Standard No. 38, Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

The implementation of GASB Statement No. 34 caused the opening fund balance at June 30, 2003 to be restated in terms of “net assets” as follows:

Total fund balance – Governmental Fund at June 30, 2003		\$ 255,426
Add: Cost of capital assets at June 30, 2003	\$ 139,400	
Less: Accumulated depreciation at June 30, 2003	<u>(48,601)</u>	<u>90,799</u>
Net assets at June 30, 2003		<u>\$ 346,225</u>

NOTE C - PROPERTY TAXES

For the year ended June 30, 2004, taxes for general purposes were levied on property as follows:

<u>Millage</u>	<u>Assessed</u> <u>Valuations</u>	<u>Taxes</u> <u>Levied</u>
6.58	\$ 583,430	\$ 3,839

Property tax millage rates are adopted in July of the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by February 28th are subject to property lien.



VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2004

NOTE D - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2004 follows:

	Beginning of Year	Additions	Deletions	End of Year
Governmental activities:				
Land	\$ 14,350	\$ -	\$ -	\$ 14,350
Buildings	45,908	6,786	-	52,694
Furniture and Equipment	54,142	5,212	-	59,354
Infrastructure	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Totals at historical cost	139,400	11,998	-	151,398
Less accumulated depreciation for:				
Buildings	21,393	1,642	-	23,035
Furniture and Equipment	26,218	6,652	-	32,870
Infrastructure	<u>990</u>	<u>625</u>	<u>-</u>	<u>1,615</u>
Total accumulated depreciation	<u>48,601</u>	<u>8,919</u>	<u>-</u>	<u>57,520</u>
Governmental Activities Capital Assets, Net	<u>\$ 90,799</u>	<u>\$ 3,079</u>	<u>\$ -</u>	<u>\$ 93,878</u>
Business Type Activities:				
Land	\$ -	\$ -	\$ -	\$ -
Buildings and plant	731,271	-	-	731,271
Equipment	<u>28,150</u>	<u>-</u>	<u>-</u>	<u>28,150</u>
Totals at historical cost	759,421	-	-	759,421
Less accumulated depreciation for:				
Buildings and plant	123,300	14,695	-	137,995
Equipment	<u>2,815</u>	<u>2,815</u>	<u>-</u>	<u>5,630</u>
Total accumulated depreciation	<u>126,115</u>	<u>17,510</u>	<u>-</u>	<u>143,625</u>
Business-type Activities Capital Assets, Net	<u>\$ 633,306</u>	<u>\$ 17,510</u>	<u>\$ -</u>	<u>\$ 615,796</u>

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 8,513
Police	<u>406</u>
Total	<u>\$ 8,919</u>

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2004

NOTE E – COMPENSATION/PER DIEM

Total compensation/per diem paid for the year ended June 30, 2004 consisted of the following:

Mayor Shelley Tyler	\$ 5,800
Councilman Waylin Bertrand	1,300
Councilman Lloyd Estay	1,300
Councilman Scott Walker	<u>1,300</u>
	<u>\$ 9,700</u>

NOTE F - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF REEVES, LOUISIANA

Budget Comparison Schedule – General Fund

Year Ended June 30, 2004

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 3,600	\$ 3,600	\$ 4,220	\$ 620
Franchise taxes	12,050	12,050	9,607	(2,443)
Occupational licenses	5,500	15,500	15,204	(296)
Interest	5,100	5,100	2,877	(2,223)
Intergovernmental	2,127	10,366	13,750	3,384
Fines	-	-	9,543	9,543
Miscellaneous	-	-	50	50
Total Revenues	<u>28,377</u>	<u>46,616</u>	<u>55,251</u>	<u>8,635</u>
<b>EXPENDITURES</b>				
General government				
Advertisements	400	680	605	75
Conferences and meetings	300	300	-	300
Contract labor	3,300	3,300	3,400	(100)
Dues	200	200	207	(7)
Insurance	6,500	6,500	6,914	(414)
Miscellaneous	950	950	466	484
Office supplies	450	450	532	(82)
Per diem	9,300	9,300	9,700	(400)
Professional fees	4,200	4,200	3,940	260
Repairs and maintenance	2,200	2,200	2,210	(10)
Salaries	9,014	9,014	10,800	(1,786)
Taxes	2,918	2,918	1,202	1,716
Telephone	1,200	1,200	1,222	(22)
Utilities - city hall	725	725	820	(95)
Utilities - street lights	4,500	4,500	4,727	(227)
Police				
Contract labor	4,200	4,200	2,450	1,750
Salaries	-	2,500	4,851	(2,351)
Taxes	-	-	371	(371)
Capital outlay	-	8,239	11,998	(3,759)
Total expenditures	<u>50,357</u>	<u>61,376</u>	<u>66,415</u>	<u>(5,039)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	(21,980)	(14,760)	(11,164)	3,596
<b>FUND BALANCE, BEGINNING</b>				
	<u>255,426</u>	<u>255,426</u>	<u>255,426</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>				
	<u>\$ 233,446</u>	<u>\$ 240,666</u>	<u>\$ 244,262</u>	<u>\$ 3,596</u>

See accompanying notes and accountants' report.

GRAGSON, CASIDAY & GUILLORY, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS



**GRAGSON, CASIDAY & GUILLORY, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.  
RICHARD W. CASIDAY, C.P.A.  
RAYMOND GUILLORY, JR., C.P.A.  
GRAHAM A. PORTUS, E.A.  
COY T. VINCENT, C.P.A.  
MICHELLE BOURNE, C.P.A.  
BRADLEY J. CASIDAY, C.P.A., C.V.A.

JULIA W. PORTUS, C.P.A.  
DAWN REDD, C.P.A.  
MELONIE L. HIMEL, C.P.A.

INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

September 21, 2004

The Honorable Shelley Tyler, Mayor and the  
Board of Councilmen  
Village of Reeves, Louisiana

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of Village of Reeves, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Village of Reeves, Louisiana's compliance with certain laws and regulations during the year ended June 30, 2004 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$15,000 or public works exceeding \$100,000.

#### Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

No individuals listed in (3) above were included in the family member list in (2) above.

#### Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

The Village provided us with the legally adopted budget for the year ended June 30, 2004. One amendment was made during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adopted budget and amendment to approval in the minutes.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

The general fund actual expenditures were more than final budgeted amounts by 8.2%.

#### Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account.

The payments were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

The payments received proper approvals.

#### Meetings

- 9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Village is only required to post a notice of each meeting and the accompanying agenda at the city hall, a public place. We found no evidence of noncompliance.

#### Debt

- 10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

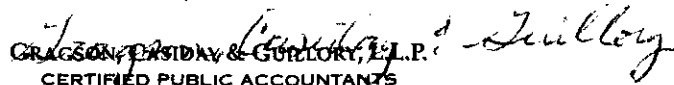
#### Advances and Bonuses

- 11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the Village and a review of payroll records indicated no payments for any bonuses, advances or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Village of Reeves, Louisiana, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

  
CRAIGSON, CASSIDY & GUITLORI, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

**VILLAGE OF REEVES, LA.  
REEVES, LOUISIANA**

September 21, 2004

Gragson, Casiday, and Guillory, L.L.P.  
P.O. Drawer 1847  
Lake Charles, LA 70602

In connection with your compilation of the financial statements of the Village of Reeves, Louisiana as of June 30, 2004 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of September 21, 2004.

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes []      No [ ]

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes []      No [ ]

It is true that no member of the immediate family of any member of the Board have been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes []      No [ ]

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:43.

Yes [ ]      No []

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes []      No [ ]



We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [] No [ ]

We have filed our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [] No [ ]

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [] No [ ]

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 47:1410.60.

Yes [] No [ ]

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [] No [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Shelley Tyler Mayor

James G. Henry Clerk

VILLAGE OF REEVES, LOUISIANA

Management's Corrective Action Plan

Year Ended June 30, 2004

2002-01      Budgeting

Finding: General Fund actual expenditures were more than final budgeted amounts by more than 5%.

Response: The variance between budgeted amounts and actual amounts was an oversight, in the future we will monitor the budget to actual comparisons on a monthly basis and amend the budget, when necessary, to comply with the law.

 \_\_\_\_\_ Mayor

RECEIVED  
LEGISLATIVE AUDITOR

04 NOV -8 AM 11:46

**Village of Spearsville**  
Combined Balance Sheet  
All Fund Types and Account Groups  
Period Ended June 30, 2004

	<u>Governmental</u> General Fund	Account Group General Fixed Group	Total of All Fund Types & Acct Group
<b><u>ASSETS:</u></b>			
Cash in Bank	\$1,916		\$1,916
Land		\$1,000	\$1,000
Buildings		\$20,780	\$20,780
Vehicles		\$3,376	\$3,376
Equipment		\$5,208	\$5,208
<b>TOTAL ASSETS</b>	<u>\$1,916</u>	<u>\$30,364</u>	<u>\$32,280</u>
 <b><u>LIABILITIES AND FUND EQUITY:</u></b>			
<b><u>LIABILITIES:</u></b>			
Accounts Payable	\$67		\$67
 <b><u>FUND EQUITY:</u></b>			
Investment in General Fixed Assets		\$30,364	\$30,364
Fund Balance- unreserved and undesignated	<u>\$1,849</u>		<u>\$1,849</u>
<b>TOTAL LIABILITY &amp; FUND EQUITY:</b>	<u>\$1,916</u>	<u>\$30,364</u>	<u>\$32,280</u>

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11-10-04

**Village of Spearsville**  
 Combined Statement of Revenue, Expenditures  
 and Changes in Fund Balances  
 Year Ended June 30, 2004

Governmental Fund Types

General Fund	Capital Assets Fund	Total of All Types
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**REVENUES:**

Utility Revenues	\$4,169	\$4,169
Tobacco Tax	\$262	\$262
Property Tax	\$0	\$0
Fines	\$682	\$682
Fees	\$4,386	\$4,386
<b>TOTAL REVENUES</b>	<b>\$9,499</b>	<b>\$0</b> <b>\$9,499</b>

**EXPENDITURES;**

Administration:		
Mayor	\$0	\$0
Aldermen	\$0	\$0
Office Expense	\$433	\$433
Utility-town hall	\$2,702	\$2,702
Telephone	\$1,459	\$1,459
Maintenance	\$581	\$581
Insurance	\$523	\$523
Supplies	\$527	\$527
Equipment	\$2,850	\$2,850
Police Department		
Law Enforcement Offic	\$0	\$0
<b>TOTAL EXPEND</b>	<b>\$9,076</b>	<b>\$0</b> <b>\$9,076</b>

**EXCESS OF REVENUES  
 (EXPENDITURES)  
 OPERATIONS**

	\$423	\$0    \$423
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